

Attorney or Party Name, Address, Telephone & FAX Numbers, and California State Bar Number JEFFERY D. HERMANN (State Bar No. 90445) WAYNE E. JOHNSON (State Bar No. 162230) BROBECK, PHLEGER & HARRISON LLP 550 South Hope Street, Suite 2300 Los Angeles, California 90071-2604	FOR COURT USE ONLY FILED 01 NOV -1 PM 3:52 CLERK U.S. BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA
UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA	
In re: Clara Loehner Debtor(s).	CASE NO: <u>BK</u> DEPUTY RS 01-17446 MG

NOTICE OF SALE OF ESTATE PROPERTY

Sale Date: November 26, 2001	Time: 11:00 a.m.
Location: U.S. Bankruptcy Court, Courtroom 301, 3420 12th St, Riverside, CA 92501	

Type of Sale: ☒ Public: ☐ Private: Last date to file objections: November 12, 2001

Description of Property to be Sold: Real property at 9754 Balaton Street, Rancho Cucamonga, California. Legal description: "Lot 59 of Tract No. 12914, in the city of Rancho Cucamonga, County of San Bernardino, State of California, as per map recorded in Book 184, Page(s) 73 through 74, inclusive, of Maps"

Terms and Conditions of Sale: Sold "as is, where as" without representations or warranties of any kind. Any overbider must execute a purchase agreement comparable to the one already executed by the purchaser. See Attachment.

Proposed Sale Price: \$165,000

Overbid Procedure (If Any): Overbidders must be present on 11/26/01, tender \$1,000 deposit by 11/21/01, submit an overbid of at least \$167,000 and satisfy other conditions.

If property is to be sold free and clear of liens or other interests, list date, time and location of hearing:

Contact Person for Potential Bidders (include name, address, telephone, fax and/or e.mail address):
Wayne Johnson, Esq.
Brobeck, Phleger & Harrison LLP
550 South Hope Street, Suite 2300
Los Angeles, California 90071
(213) 489-4060 (Phone) / wejohnson@brobeck.com

Date: October 31, 2001



CALIFORNIA
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RESIDENTIAL PURCHASE AGREEMENT AND JOINT ESCROW INSTRUCTIONS (AND RECEIPT FOR DEPOSIT)

For Use With Single Family Residential Property — Attached or Detached

- Date 8/30/01 at Rancho Cucamonga, California.
1. OFFER: 8/30/01
- A. THIS IS AN OFFER FROM _____ ("Buyer").
- B. THE REAL PROPERTY TO BE ACQUIRED is described as David Wright
9754 Peloton St. Alta Loma, CA
91727, Assessor's Parcel No. _____, situated in
County of San Bernardino, California, ("Property").
- C. THE PURCHASE PRICE offered is one hundred sixty five thousand dollars \$ 165,000.
- D. CLOSE OF ESCROW shall occur 60 Days After Acceptance (or ☐ on _____ (date)).
2. FINANCING: Obtaining the loans below is a contingency of this Agreement unless: (i) either 2H or 2I is checked below or (ii) otherwise agreed. Buyer shall act diligently and in good faith to obtain the designated loans. Obtaining deposit, down payment and closing costs is not a contingency.
- A. BUYER HAS GIVEN A DEPOSIT TO THE AGENT SUBMITTING THE OFFER \$ 1,000
(or to ☐ _____), made payable to _____ by Personal
Check, or ☐ _____, which shall be held uncashed until Acceptance and then
deposited within 3 business days after Acceptance or ☐ _____
☐ with Escrow Holder, ☐ into Broker's trust account, or ☐ _____.
Buyer represents that funds will be good when deposited with Escrow Holder.
- B. INCREASED DEPOSIT shall be deposited by Buyer with Escrow Holder within _____ Days After Acceptance, \$ _____
or ☐ _____.
- C. FIRST LOAN IN THE AMOUNT OF \$ 160,250
- (1) NEW First Deed of Trust in favor of LENDER, encumbering the Property, securing a note payable at maximum
interest of 7 % fixed rate, or _____ % initial adjustable rate with a maximum interest rate cap of
_____, balance due in _____ years, amortized over _____ years. Buyer shall pay loan fees/points not to
exceed _____. (These terms apply whether the designated loan is conventional, FHA or VA.)
- (2) ☒ FHA, ☐ VA: (The following terms only apply to the FHA or VA loan that is checked.)
Seller shall pay (i) _____ % discount points, (ii) other fees not allowed to be paid by Buyer,
not to exceed \$ 1250, and (iii) the cost of lender required Repairs not otherwise provided for
in this Agreement, not to exceed \$ n/a.
(Actual loan amount may increase if mortgage insurance premiums, funding fees or closing costs are financed.)
- D. ADDITIONAL FINANCING TERMS: seller to pay a maximum of \$2,000 \$ _____
in buyer's allowable FHA costs
☐ Seller financing, (C.A.R. Form SFA-11); ☐ junior financing; ☐ assumed financing (C.A.R. Form PAA-11).
- E. BALANCE OF PURCHASE PRICE (not including costs of obtaining loans and other closing costs) to be deposited with \$ 3750
Escrow Holder within sufficient time to close escrow.
- F. TOTAL PURCHASE PRICE \$ 165,000
- G. LOAN CONTINGENCY shall remain in effect until the designated loans are funded (or ☐ _____ Days After Acceptance, by which time Buyer shall give Seller
written notice of Buyer's election to cancel this Agreement if Buyer is unable to obtain the designated loans. If Buyer does not give Seller such notice, the contingency
of obtaining the designated loans shall be removed by the method specified in paragraph 14).
- H. ☐ NO LOAN CONTINGENCY: (If checked) Obtaining any loan in paragraphs 2C, 2D or elsewhere in this Agreement is not a contingency of this Agreement. If
Buyer does not obtain the loan, and as a result Buyer does not purchase the Property, Seller may be entitled to Buyer's deposit or other legal remedies.
- I. ☐ ALL CASH OFFER: (If checked) No loan is needed to purchase the Property. Buyer shall, within 5 (or ☐ _____) Days After Acceptance, provide Seller written
verification of sufficient funds to close this transaction. Seller may cancel this Agreement in writing within 5 Days After (i) time to provide verification expires, if Buyer
fails to provide verification or (ii) receipt of verification, if Seller reasonably disapproves it.
- J. LOAN APPLICATIONS; PREQUALIFICATION: Within 5 (or ☐ _____) Days After Acceptance, Buyer shall provide Seller a letter from lender or mortgage loan
broker stating that, based on a review of Buyer's written application and credit report, Buyer is prequalified for the NEW loan indicated above. If Buyer fails to provide
such letter within that time, Seller may cancel this Agreement in writing.
- K. ☐ APPRAISAL CONTINGENCY: (If checked) This Agreement is contingent upon Property appraising at no less than the specified total purchase price. If there
is a loan contingency, the appraisal contingency shall remain in effect until the loan contingency is removed. If there is no loan contingency, the
appraisal contingency shall be removed within 10 (or ☐ _____) Days After Acceptance.

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Buyer's Initials (F.F.)(D.W.)

Seller's Initials (____)(____)

Reviewed by

Broker or Designee _____ Date _____



3. CLOSING AND OCCUPANCY

- A. Buyer ☒ does, ☐ does not intend to occupy Property as Buyer's primary residence.
- B. Seller occupied or vacant property: Occupancy shall be delivered to Buyer at _____ AM/PM, ☐ on the date of Close Of Escrow, ☐ on _____, or ☐ no later than _____ Days After Close Of Escrow. (See C.A.R. Form PAA-11, paragraph 2.) If transfer of title and occupancy do not occur at the same time, Buyer and Seller are advised to (i) enter into a written occupancy agreement, and (ii) consult with their insurance advisors.
- C. Tenant occupied property: At Close of Escrow, Property shall be vacant unless otherwise agreed in writing. Seller has the responsibility to (i) comply with rent control and other Law necessary to deliver Property vacant, and (ii) determine whether timely vacancy is permitted under such Law.
- D. At Close Of Escrow, Seller assigns to Buyer any assignable warranty rights for items included in the sale and shall provide any available copies of such warranties. Brokers cannot and will not determine the assignability of any warranties.
- E. At Close of Escrow, unless otherwise agreed in writing, Seller shall provide keys and/or means to operate all locks, mailboxes, security systems, alarms and garage door openers. If Property is a unit in a condominium or other common interest subdivision, Buyer may be required to pay a deposit to the Homeowners' Association ("HOA") to obtain keys to accessible HOA facilities.

4. ALLOCATION OF COSTS (If checked): If any of the inspections or reports in 4A, B, C and D are checked, then with regard to that item, Buyer shall have approval (including approval of alternate methods of treatment, if any, recommended by the Pest Control Report), removal and cancellation rights, and obligations as specified in paragraph 14: (The rights in paragraph 14 apply whether or not Buyer and Seller agree below who is to pay for Section 1 or Section 2 recommended work.)

A. PEST CONTROL

☐ Buyer ☒ Seller shall pay for a Pest Control Report (for wood destroying pests and organisms only) ("Report"). The Report shall be prepared by Any reliable, a registered structural pest control company, who shall separate the Report into sections for evident infestation or infection (Section 1) and for conditions likely to lead to infestation or infection (Section 2). The Report shall cover the main building and attached structures and, if checked: ☐ detached garages and carports, ☐ detached decks, ☐ the following other structures on the Property: _____

_____ The Report shall not cover roof coverings. If Property is a unit in a condominium or other common interest subdivision, the Report shall cover only the separate interest and any exclusive-use areas being transferred, and shall not cover common areas. Water tests of shower pans on upper level units may not be performed unless the owners of property below the shower consent. If Buyer requests inspection of inaccessible areas, Buyer shall pay for the cost of entry, inspection and closing for those areas, unless otherwise agreed. A written Pest Control Certification shall be issued prior to Close Of Escrow, unless otherwise agreed, and only if no infestation or infection is found or if required corrective work is completed.

(Section 1) ☐ Buyer ☒ Seller shall pay for work recommended to correct "Section 1" conditions described in the Report and the cost of inspection, entry and closing of those inaccessible areas where active infestation or infection is discovered.

(Section 2) ☒ Buyer ☐ Seller shall pay for work recommended to correct "Section 2" conditions described in the Report if requested by Buyer.

OTHER INSPECTIONS AND REPORTS

- B. ☐ Buyer ☐ Seller shall pay to have septic or private sewage disposal system inspected. N/A
- C. ☐ Buyer ☐ Seller shall pay to have domestic wells tested for water potability and productivity. N/A
- D. ☐ Buyer ☒ Seller shall pay for a natural hazard zone disclosure report prepared by _____

GOVERNMENT REQUIREMENTS AND RETROFIT

- E. ☐ Buyer ☒ Seller shall pay for smoke detector installation and/or water heater bracing, if required by Law. Prior to Close Of Escrow, Seller shall provide Buyer a written statement of compliance in accordance with state and local Law, unless exempt.
- F. ☐ Buyer ☒ Seller shall pay the cost of compliance with any other minimum mandatory government retrofit standards, inspections and reports if required as a condition of closing escrow under any Law.

ESCROW, TITLE AND OTHER COSTS

- G. ☒ Buyer ☒ Seller shall pay escrow fee. as customary
Escrow Holder shall be Seller's choice
- H. ☐ Buyer ☒ Seller shall pay for owner's title insurance policy specified in paragraph 12.
Owner's title policy to be issued by _____
(Buyer shall pay for any title insurance policy insuring Buyer's Lender, unless otherwise agreed.)
- I. ☐ Buyer ☒ Seller shall pay County transfer tax or transfer fee.
- J. ☐ Buyer ☐ Seller shall pay City transfer tax or transfer fee. N/A
- K. ☐ Buyer ☒ Seller shall pay HOA transfer fees.
- L. ☐ Buyer ☒ Seller shall pay HOA document preparation fees.
- M. ☐ Buyer ☒ Seller shall pay the cost, not to exceed \$ 465.00, of a one-year home warranty plan, issued by American Home Shield, with the following optional coverage: Air conditioning, etc.

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Buyer's Initials (F.F.) (D.W.)

Seller's Initials () ()



Reviewed by

Broker or Designee _____ Date _____

5. **TRANSFER DISCLOSURE STATEMENT; NATURAL HAZARD DISCLOSURE STATEMENT; LEAD-BASED PAINT HAZARD DISCLOSURES; AND OTHER DISCLOSURES WITH CANCELLATION RIGHTS:**

- A. Within the time specified in paragraph 14, if required by Law, a Real Estate Transfer Disclosure Statement ("TDS"), Natural Hazard Disclosure Statement ("NHD"), Federal Lead-Based Paint Disclosures and pamphlet ("Lead Disclosures"), disclosure regarding industrial use (Property is in or affected by a zone or district allowing manufacturing, commercial or airport use) and military ordnance disclosure shall be completed and delivered to Buyer, who shall return Signed Copies to Seller.
- B. In the event Seller, prior to Close Of Escrow, becomes aware of adverse conditions materially affecting the Property, or any material inaccuracy in disclosures, information, or representations previously provided to Buyer (including those made in a TDS) of which Buyer is otherwise unaware, Seller shall promptly provide a subsequent or amended disclosure, in writing, covering those items. However, a subsequent or amended disclosure shall not be required for conditions and material inaccuracies disclosed in reports received by Buyer.
- C. Seller shall (i) make a good faith effort to obtain a disclosure notice from any local agencies that levy a special tax on the Property pursuant to the Mello-Roos Community Facilities Act, and (ii) promptly deliver to Buyer any such notice made available by those agencies.
- D. If the TDS, the NHD, the Lead Disclosures, industrial use disclosure, military ordnance disclosure, the Mello-Roos disclosure notice, or a subsequent or amended disclosure is delivered to Buyer after the offer is Signed, Buyer shall have the right to cancel this Agreement within 3 Days After delivery in person, or 5 Days After delivery by deposit in the mail, by giving written notice of cancellation to Seller or Seller's agent. (Lead Disclosures sent by mail must be sent certified mail or better.)

6. **DISCLOSURES:** Within the time specified in paragraph 14, Seller shall: (i) disclose if Property is located in any zone identified in 6A and provide any other information required for those zones; (ii) if required by Law, provide Buyer with the disclosures and other information identified in 6B; and, (iii) if applicable, take the actions specified in 6C and 6D. Buyer, within the time specified in paragraph 14, shall then investigate the disclosures and other information provided to Buyer, and the database in 6E, and take the action specified in paragraph 14.

- A. **NATURAL HAZARD ZONE:** Special Flood Hazard Areas; Potential Flooding (Inundation) Areas; Very High Fire Hazard Zones; State Fire Responsibility Areas; Earthquake Fault Zones; Seismic Hazard Zones; or any other zone for which disclosure is required by Law.
- B. **PROPERTY DISCLOSURES AND PUBLICATIONS:** Earthquake Guides (and questionnaire) and Environmental Hazards Booklet.
- C. ☐ (If checked) **CONDOMINIUM/Common Interest Subdivision:** Property is a unit in a condominium, or other common interest subdivision. Seller shall request from the HOA and, upon receipt, provide to Buyer: (i) Copies of any documents required by Law; (ii) disclosure of any pending or anticipated claims or litigation by or against the HOA; (iii) a statement containing the location and number of designated parking and storage spaces; (iv) Copies of the most recent 12 months of HOA minutes for regular and special meetings, if available; and (v) the names and contact information of all HOAs governing the Property (C.A.R. Form HOA-11).
- D. **NOTICE OF VIOLATION:** If, prior to Close Of Escrow, Seller receives notice or is made aware of any notice filed or issued against the Property for violations of any Law, Seller shall immediately notify Buyer in writing.
- E. **DATA BASE DISCLOSURE: NOTICE:** The California Department of Justice, sheriff's departments, police departments serving jurisdictions of 200,000 or more and many other local law enforcement authorities maintain for public access a data base of the locations of persons required to register pursuant to paragraph (1) of subdivision (a) of Section 290.4 of the Penal Code. The data base is updated on a quarterly basis and a source of information about the presence of these individuals in any neighborhood. The Department of Justice also maintains a Sex Offender Identification Line through which inquiries about individuals may be made. This is a "900" telephone service. Callers must have specific information about individuals they are checking. Information regarding neighborhoods is not available through the "900" telephone service.

7. **CONDITION OF PROPERTY:**

- A. Unless otherwise agreed, (i) Property is sold (a) in its **PRESENT** physical condition on the date of Acceptance and (b) subject to Buyer inspection rights; (ii) Property, including pool, spa, landscaping and grounds, is to be maintained in substantially the same condition as on the date of Acceptance, and (iii) all debris and personal property not included in the sale shall be removed by Close Of Escrow.
- B. **SELLER SHALL DISCLOSE KNOWN MATERIAL FACTS AND DEFECTS AND MAKE OTHER DISCLOSURES REQUIRED BY LAW.**
- C. Buyer has the right to inspect the Property and, based upon information discovered in those inspections, may reasonably request that Seller make Repairs, corrections or take other action as specified in paragraph 14.
- D. **Note to Buyer:** You are strongly advised to conduct inspections of the entire Property in order to determine its present condition since Seller may not be aware of all defects affecting the Property or other factors that you consider important. Property Improvements may not be built according to codes or in compliance with current Law, or have had permits issued.
- E. **Note to Seller:** Buyer may request that you make certain Repairs and, in the event you refuse or are unable to make those Repairs, Buyer may cancel this Agreement as specified in paragraph 14.

8. A. **ITEMS INCLUDED IN SALE:** All EXISTING fixtures and fittings that are attached to the Property are INCLUDED IN THE PURCHASE PRICE (unless excluded in paragraph 8C below), and shall be transferred free of liens and without Seller warranty. Items to be transferred shall include, but are not limited to, existing electrical, mechanical, lighting, plumbing and heating fixtures, fireplace inserts, solar systems, built-in appliances, window and door screens, awnings, shutters, window coverings, attached floor coverings, television antennas, satellite dishes and related equipment, private integrated telephone systems, air coolers/conditioners, pool/spa equipment, garage door openers/remote controls, attached fireplace equipment, mailbox, in-ground landscaping, including trees/shrubs, and (if owned by Seller) water softeners, water purifiers and security systems/alarms.

- B. **ADDITIONAL ITEMS INCLUDED:** The following items of personal property, free of liens and without Seller warranty, are INCLUDED IN THE PURCHASE PRICE _____

C. **ITEMS EXCLUDED FROM SALE:** _____

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Buyer and Seller acknowledge receipt of a copy of this page.

Buyer's Initials (FF)(DP)
Seller's Initials (____)(____)



Reviewed by _____
Broker or Designee _____ Date _____

Property Address: 1150 L 14th St Apt 1000 Date: 1/10/01

9. **BUYER'S INVESTIGATION / PROPERTY CONDITION:** Buyer's Acceptance of the condition of and any other matter affecting the Property is a contingency of this Agreement, as specified in this paragraph and paragraph 14. Buyer shall have the right at Buyer's expense, unless otherwise agreed, to conduct inspections, investigations, tests, surveys, and other studies ("Inspections"), including the right to: (i) inspect for lead-based paint and other lead-based paint hazards; (ii) inspect for wood destroying pests and organisms ("Pest Control Report"); and (iii) review the registered sex offender database. No inspections shall be made by any governmental building or zoning inspector, or government employee, without Seller's prior written consent, unless required by Law. Buyer shall complete these Inspections and give any written notice to Seller within the time specified in paragraph 14. At Seller's request, Buyer shall give Seller, at no cost, complete Copies of all Inspection reports supporting Buyer's written requests. Seller shall make Property available for all Inspections. Seller shall have water, gas and electricity on for Buyer's Inspections and through the date possession is made available to Buyer.
10. **REPAIRS:** Repairs shall be completed prior to final verification of condition unless otherwise agreed in writing. Repairs to be performed at Seller's expense may be performed by Seller or through others, provided that work complies with applicable Law, including governmental permit, inspection and approval requirements. Repairs shall be performed in a skillful manner with materials of quality and appearance comparable to existing materials. It is understood that exact restoration of appearance or cosmetic items following all Repairs may not be possible. Seller shall: (i) obtain receipts for Repairs performed by others; (ii) prepare a written statement indicating the Repairs performed by Seller and the date of such Repairs; and (iii) provide Copies of receipts and statements to Buyer prior to final verification of condition.
11. **BUYER INDEMNITY AND SELLER PROTECTION FOR ENTRY UPON PROPERTY:** Buyer shall: (i) keep Property free and clear of liens; (ii) indemnify and hold Seller harmless from all liability, claims, demands, damages and costs; and (iii) Repair all damages arising from Inspections. Buyer shall carry, or Buyer shall require anyone acting on Buyer's behalf to carry policies of liability, workers' compensation, and other applicable insurance, defending and protecting Seller from liability for any injuries to persons or property occurring during any inspections or work done on the Property at Buyer's direction prior to Close Of Escrow. Seller is advised that certain protections may be afforded Seller by recording a Notice of Non-responsibility for Inspections and work done on the Property at Buyer's direction.
12. **TITLE AND VESTING:**
- A. Within the time specified in paragraph 14, Buyer shall be provided a current preliminary (title) report, which is only an offer by the title insurer to issue a policy of title insurance, and may not contain every item affecting title. Buyer shall provide written notice to Seller in accordance with and within the time specified in paragraph 14.
- B. At Close Of Escrow, Buyer shall receive a grant deed conveying title (or, for stock cooperative or long-term lease, an assignment of stock certificate or of Seller's leasehold interest), including oil, mineral and water rights if currently owned by Seller. Title shall be subject to all encumbrances, easements, covenants, conditions, restrictions, rights and other matters that are of record or disclosed to Buyer prior to Close Of Escrow, unless otherwise requested in writing by Buyer and agreed to by Seller within the time specified in paragraph 14. However, title shall not be subject to any liens against the Property, except for those specified in this Agreement. Title shall vest as designated in Buyer's supplemental escrow instructions. **THE MANNER OF TAKING TITLE MAY HAVE SIGNIFICANT LEGAL AND TAX CONSEQUENCES.**
- C. Buyer shall receive a CLTA/ALTA Homeowner's Policy of Title Insurance, if available for the Property. If not, Buyer shall receive a standard coverage owner's policy (CLTA or ALTA-R with regional exceptions). A title company, at Buyer's request, can provide information about availability, desirability, coverage, and cost of various title insurance coverages and indorsements. If Buyer desires title coverage other than that required by this paragraph, Buyer shall instruct Escrow Holder in writing and pay any increase in costs.
13. **SALE OF BUYER'S PROPERTY:**
- A. This Agreement is NOT contingent upon the sale of any property owned by Buyer unless paragraph 13B is checked.
- OR B. ☐ (If checked) This Agreement IS CONTINGENT on the Close Of Escrow of Buyer's property, described as (address) _____ ("Buyer's Property").
- (1) Buyer's Property is:
- (a) ☐ (if checked) not yet listed for sale.
- OR (b) ☐ (if checked) listed for sale with _____ company.
- OR (c) ☐ (if checked) in escrow No. _____ with _____ escrow holder, scheduled to close escrow on _____ (date). Buyer shall deliver to Seller, within 5 Days After Seller's request, a Copy of the contract for the sale of Buyer's Property, escrow instructions, and all amendments and modifications thereto. If Buyer fails to provide the documents within that time, Seller may cancel this Agreement in writing. If Buyer's Property does not close escrow by the date specified in this paragraph for close of escrow of Buyer's Property, then either Seller or Buyer may cancel this Agreement in writing.
- (2) After Acceptance:
- (a) (Applies UNLESS B (2)(b) is checked): Seller SHALL have the right to continue to offer the Property for sale. If Seller accepts another written offer, Seller shall give Buyer written notice to: (i) remove this contingency in writing; (ii) remove the loan contingency, if any, in writing; and (iii) comply with the following additional requirement(s): _____
- If Buyer fails to complete these actions within 72 (or ☐) hours After receipt of such notice, Seller may cancel this Agreement in writing.
- OR (b) ☐ (if checked) Seller shall have the right to continue to offer the Property for sale for back-up offers only and shall not invoke the notice provisions in paragraph 13 B(2)(a) during the term of this Agreement.

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Buyer's Initials (F.F.) (J.W.)

Seller's Initials () ()



Reviewed by _____
Broker or Designee _____ Date _____

14. TIME PERIODS; REMOVAL OF CONTINGENCIES; CANCELLATION RIGHTS: The following time periods may only be extended, altered, modified or changed by mutual written agreement.

A. ORDERING, COMPLETING AND REVIEWING INSPECTIONS AND REPORTS:

(1) SELLER HAS: 5 (or ☐ _____) Days After Acceptance to order, request or complete all reports, disclosures and information for which Seller is responsible under paragraphs 4, 5, 6A, B and C, and 12. Seller has 2 Days After receipt (or completion) of any of these items to provide it to Buyer. Buyer has 5 (or ☐ _____) Days After receipt of (i) each of the above items and (ii) notice of code and legal violation under paragraph 6D to review the report, disclosure or other information.

(2) BUYER HAS: 14 (or ☐ _____) Days After Acceptance to complete all Inspections, investigations and review of reports and other applicable information, including the sex offender database (paragraph 6E), for which Buyer is responsible.

(3) BUYER HAS: 10 (or ☐ _____) Days After Buyer's receipt of Lead Disclosures pursuant to paragraph 5A, to complete Inspections for and review reports on lead-based paint and lead-based paint hazards.

B. (1) APPROVAL OR REQUEST: Within the times specified above (or 2G for loan contingency), Buyer shall provide Seller with either (i) an unconditional approval and removal of the applicable contingency, or (ii) a reasonable written request that Seller Repair or take other action (or for loan contingency, cancellation if Buyer is unable to obtain the designated loan).

(2) **EFFECT OF BUYER'S REQUEST:** If, pursuant to B(1), Buyer reasonably requests that Seller Repair or take other action, Buyer and Seller have 5 (or ☐ _____) Days After Seller's receipt of Buyer's request to reach mutual written agreement on Buyer's request. If (i) Seller has agreed in writing to unconditionally and completely take the action requested by Buyer, or (ii) Buyer and Seller have reached a mutual written agreement with respect to those items, then the transaction shall proceed on those terms. Seller has no obligation, express or implied, to satisfy Buyer's requests.

(3) **EFFECT OF NO WRITTEN AGREEMENT ON BUYER'S REQUESTS:** If, at the expiration of the time in B(2), neither B(2)(i) nor (ii) has occurred, Buyer has 2 (or ☐ _____) Days to cancel this Agreement in writing.

C. ACTIVE OR PASSIVE REMOVAL OF CONTINGENCIES AND CANCELLATION RIGHTS:

(1) ☐ **ACTIVE METHOD** (Applies only if checked):

(a) (No written request or removal by Buyer) If, within the time specified in A, Buyer does not give Seller written notice pursuant to B(1), Seller may cancel this Agreement in writing. Notwithstanding the expiration of the time specified, Buyer retains the right to give Seller written notice under B1 at any time prior to receiving Seller's written cancellation. Once Seller receives Buyer's written request or removal, Seller may not cancel this Agreement pursuant to paragraph C(1)(a).

(b) (No written cancellation by Buyer) If, within the time specified, Buyer does not give Seller written notice of cancellation pursuant to B(3), either Buyer or Seller may cancel this Agreement in writing at any time prior to Buyer and Seller reaching mutual written agreement with respect to any requests made pursuant to B(1).

(2) **PASSIVE METHOD:** If, within the time specified, Buyer does not give Seller (i) a reasonable written request pursuant to B(1) (or for loan contingency, cancellation if Buyer is unable to obtain the designated loan) or (ii) written notice of cancellation pursuant to B(3) if no agreement is reached on Buyer's requests, then Buyer shall be deemed, as applicable, to have unconditionally approved and removed the contingency or withdrawn the request and waived any right to cancel associated with the requested item.

D. EFFECT OF REMOVAL: If Buyer removes any contingency or cancellation right by the active or passive method, as applicable, Buyer shall conclusively be deemed to have: (i) completed all Inspections, investigations, and review of reports and other applicable information and disclosures pertaining to that contingency or cancellation right; (ii) elected to proceed with the transaction; and, (iii) assumed all liability, responsibility, and expense for repairs or corrections pertaining to that contingency or cancellation right, or for inability to obtain financing if the contingency pertains to financing, unless, pursuant to B(2) or elsewhere in this Agreement, Seller agrees to make Repairs or take other action.

E. EFFECT OF CANCELLATION ON DEPOSITS: If Buyer or Seller gives written NOTICE OF CANCELLATION pursuant to rights duly exercised under the terms of this Agreement, Buyer and Seller agree to Sign mutual instructions to cancel the sale and escrow and release deposits, less fees and costs, to the party entitled to the funds. Fees and costs may be payable to service providers and vendors for services and products provided during escrow. Release of funds will require mutual, Signed release instructions from Buyer and Seller, judicial decision or arbitration award. A party may be subject to a civil penalty of up to \$1,000 for refusal to sign such instructions if no good faith dispute exists as to who is entitled to the deposited funds (Civil Code §1057.3).

15. **FINAL VERIFICATION OF CONDITION:** Buyer shall have the right to make a final inspection of the Property within 5 (or _____) Days prior to Close Of Escrow, NOT AS A CONTINGENCY OF THE SALE, but solely to confirm (i) Property is maintained pursuant to paragraph 7A, (ii) Repairs have been completed as agreed, and (iii) Seller has complied with Seller's other obligations.

16. **LIQUIDATED DAMAGES:** If Buyer fails to complete this purchase because of Buyer's default, Seller shall retain, as liquidated damages, the deposit actually paid. If the Property is a dwelling with no more than four units, one of which Buyer intends to occupy, then the amount retained shall be no more than 3% of the purchase price. Any excess shall be returned to Buyer. Release of funds will require mutual, Signed release instructions from both Buyer and Seller, judicial decision or arbitration award.

BUYER AND SELLER SHALL SIGN A SEPARATE LIQUIDATED DAMAGES PROVISION FOR ANY INCREASED DEPOSIT. (C.A.R. FORM RID-11)

Buyer's Initials

F.F. D.L.

Seller's Initials

1

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Buyer and Seller acknowledge receipt of a copy of this page.

Buyer's Initials

F.F. D.L.

Seller's Initials

1



Reviewed by

Broker or Designee

Date

17. DISPUTE RESOLUTION:

A. **MEDIATION:** Buyer and Seller agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction, before resorting to arbitration or court action. Paragraphs 17B(2) and (3) below apply whether or not the Arbitration provision is initiated. Mediation fees, if any, shall be divided equally among the parties involved. If, for any dispute or claim to which this paragraph applies, any party commences an action without first attempting to resolve the matter through mediation, or refuses to mediate after a request has been made, then that party shall not be entitled to recover attorney fees, even if they would otherwise be available to that party in any such action. THIS MEDIATION PROVISION APPLIES WHETHER OR NOT THE ARBITRATION PROVISION IS INITIALED.

B. **ARBITRATION OF DISPUTES:** (1) Buyer and Seller agree that any dispute or claim in Law or equity arising between them out of this Agreement or any resulting transaction, which is not settled through mediation, shall be decided by neutral, binding arbitration, including and subject to paragraphs 17B(2) and (3) below. The arbitrator shall be a retired judge or justice, or an attorney with at least 5 years of residential real estate Law experience, unless the parties mutually agree to a different arbitrator, who shall render an award in accordance with substantive California Law. In all other respects, the arbitration shall be conducted in accordance with Part III, Title 9 of the California Code of Civil Procedure. Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction. The parties shall have the right to discovery in accordance with Code of Civil Procedure §1283.05.

(2) **EXCLUSIONS FROM MEDIATION AND ARBITRATION:** The following matters are excluded from mediation and arbitration: (i) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage, or installment land sale contract as defined in Civil Code §2985; (ii) an unlawful detainer action; (iii) the filing or enforcement of a mechanic's lien; (iv) any matter that is within the jurisdiction of a probate, small claims, or bankruptcy court; and (v) an action for bodily injury or wrongful death, or any right of action to which Code of Civil Procedure §337.1 or §337.15 applies. The filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies, shall not constitute a violation of the mediation and arbitration provisions.

(3) **BROKERS:** Buyer and Seller agree to mediate and arbitrate disputes or claims involving either or both Brokers, provided either or both Brokers shall have agreed to such mediation or arbitration prior to, or within a reasonable time after, the dispute or claim is presented to Brokers. Any election by either or both Brokers to participate in mediation or arbitration shall not result in Brokers being deemed parties to the Agreement.

"NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY."

"WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION TO NEUTRAL ARBITRATION."

Buyer's Initials FFIDW Seller's Initials I

18. **PRORATIONS OF PROPERTY TAXES AND OTHER ITEMS:** Unless otherwise agreed in writing, the following items shall be PAID CURRENT and prorated between Buyer and Seller as of Close Of Escrow: real property taxes and assessments, interest, rents, HOA regular, special, and emergency dues and assessments imposed prior to Close Of Escrow, premiums on insurance assumed by Buyer, payments on bonds and assessments assumed by Buyer, and payments on Mello-Roos and other Special Assessment District bonds and assessments that are now a lien. The following items shall be assumed by Buyer WITHOUT CREDIT toward the purchase price: prorated payments on Mello-Roos and other Special Assessment District bonds and assessments and HOA special assessments that are now a lien but not yet due. Property will be reassessed upon change of ownership. Any supplemental tax bills shall be paid as follows: (i) for periods after Close Of Escrow, by Buyer; and, (ii) for periods prior to Close Of Escrow, by Seller. TAX BILLS ISSUED AFTER CLOSE OF ESCROW SHALL BE HANDLED DIRECTLY BETWEEN BUYER AND SELLER. Prorations shall be made based on a 30-day month.

19. **WITHHOLDING TAXES:** Seller and Buyer agree to execute any instrument, affidavit, statement or instruction reasonably necessary to comply with federal (FIRPTA) and California withholding Law, if required (C.A.R. Forms AS-11 and AB-11).

20. **MULTIPLE LISTING SERVICE ("MLS"):** Brokers are authorized to report the terms of this transaction to any MLS, to be published and disseminated to persons and entities authorized to use the information on terms approved by the MLS.

21. **EQUAL HOUSING OPPORTUNITY:** The Property is sold in compliance with federal, state and local anti-discrimination Law.

22. **ATTORNEY FEES:** In any action, proceeding, or arbitration between Buyer and Seller arising out of this Agreement, the prevailing Buyer or Seller shall be entitled to reasonable attorney fees and costs from the non-prevailing Buyer or Seller, except as provided in paragraph 17A.

23. **SELECTION OF SERVICE PROVIDERS:** If Brokers give Buyer or Seller referrals to persons, vendors, or service or product providers ("Providers"), Brokers do not guarantee the performance of any of those Providers. Buyer and Seller may select ANY Providers of their own choosing.

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REVISION DATE 10/2000 Print Date R NOV 00
RPA-11 (PAGE 6 OF 8)

Buyer and Seller acknowledge receipt of a copy of this page.

Buyer's Initials FFIDW

Seller's Initials I

Reviewed by

Broker or Designee _____ Date _____



24. **TIME OF ESSENCE; ENTIRE CONTRACT; CHANGES:** Time is of the essence. Understandings between the parties are incorporated in this Agreement. Its terms are intended by the parties as a final, complete and exclusive expression of their Agreement with respect to its subject matter, and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. If any provision of this Agreement is held to be ineffective or invalid, the remaining provisions will nevertheless be given full force and effect. **Neither this Agreement nor any provision in it may be extended, amended, modified, altered or changed, except in writing Signed by Buyer and Seller.**
25. **OTHER TERMS AND CONDITIONS, including ATTACHED SUPPLEMENTS:**
- A. ☒ **Buyer's Inspection Advisory (C.A.R. Form BIA-11)**
- B. ☐ **Purchase Agreement Addendum (C.A.R. Form PAA-11 paragraph numbers: _____)**
- C. _____

26. **DEFINITIONS:** As used in this Agreement:

- A. **"Acceptance"** means the time the offer or final counter offer is accepted in writing by the other party and communicated in accordance with this Agreement or the terms of the final counter offer.
- B. **"Agreement"** means the terms and conditions of this Residential Purchase Agreement and any counter offer and addenda.
- C. **"Days"** means calendar days, unless otherwise required by Law.
- D. **"Days After"** means the specified number of calendar days after the occurrence of the event specified, not counting the calendar date on which the specified event occurs, and ending at 11:59PM on the final day.
- E. **"Close Of Escrow"** means the date the grant deed, or other evidence of transfer of title, is recorded. If scheduled close of escrow falls on a Saturday, Sunday or legal holiday, then the close of escrow date shall be the next business day after the scheduled close of escrow date.
- F. **"Copy"** means copy by any means including photocopy, NCR, facsimile and electronic.
- G. **"Law"** means any law, code, statute, ordinance, regulation, rule or order, which is adopted by a controlling city, county, state or federal legislative, judicial or executive body or agency.
- H. **"Repairs"** means any repairs (including pest control), alterations, replacements, modifications and retrofitting of the Property provided for under this Agreement.
- I. **"Signed"** means either a handwritten or electronic signature.
- J. **Singular and Plural** terms each include the other, when appropriate.
- K. **C.A.R. Form** means the specific form referenced, or another comparable form agreed to by the parties.
- L. **"Electronic Copy" or "Electronic Signature"** means, as applicable, an electronic copy or signature complying with California Law. Buyer and Seller agree that electronic means will not be used by either one to modify or alter the content or integrity of the Agreement without the knowledge and consent of the other.

27. **AGENCY:**

- A. **POTENTIALLY COMPETING BUYERS AND SELLERS:** Buyer understands that Broker representing Buyer may also represent other potential buyers, who may consider, make offers on or ultimately acquire this Property. Seller understands that Buyer may consider, make offers on or purchase other properties similar to the Property. Buyer and Seller acknowledge and consent to Broker(s)' representation of such potential buyers and sellers before, during and after Broker(s)' representation of Buyer and Seller.
- B. **CONFIRMATION:** The following agency relationships are hereby confirmed for this transaction:
- Listing Agent _____ (Print Firm Name) is the agent of (check one):
- ☐ the Seller exclusively; or ☐ both the Buyer and Seller.
- Selling Agent Arrow Realty and Mortgage (Print Firm Name) (if not same as Listing Agent) is the agent of (check one): ☒ the Buyer exclusively; or ☐ the Seller exclusively; or ☐ both the Buyer and Seller.
- Real Estate Brokers are not parties to the Agreement between Buyer and Seller.

28. **JOINT ESCROW INSTRUCTIONS TO ESCROW HOLDER:**

- A. The following paragraphs, or applicable portions thereof, of this Agreement constitute the joint escrow instructions of Buyer and Seller to Escrow Holder, which Escrow Holder is to use along with any relating counter offers and addenda, and any additional mutual instructions to close the transaction: 1, 2, 4, 12, 13B, 14E, 18, 19, 24, 25B and C, 26, 28, 30, 32A and 33. The terms and conditions of the Agreement not set forth in the specified paragraphs are additional matters for the information of Escrow Holder, but about which Escrow Holder need not be concerned. Buyer and Seller will receive Escrow Holder's general provisions directly from Escrow Holder and will execute such provisions upon Escrow Holder's request. To the extent the general provisions are inconsistent or conflict with this Agreement, the general provisions will control as to the duties and obligations of Escrow Holder only. Buyer and Seller will execute additional instructions, documents and forms provided by Escrow Holder that are reasonably necessary to complete this transaction.
- B. A Copy of this Agreement shall be delivered to Escrow Holder within 3 business days After Acceptance (or ☐ Agent Nancy Nicholson). Escrow will be deemed open when Escrow Holder has Signed an acknowledgement of receipt of a Copy of this accepted Agreement. Buyer and Seller authorize Escrow Holder to accept and rely on Copies and Signatures as defined in this Agreement as originals, to open escrow and for other purposes of escrow. The validity of this Agreement as between Buyer and Seller is not affected by whether or when Escrow Holder Signs the Agreement.
- C. Brokers are a party to the Escrow for the sole purpose of compensation pursuant to paragraphs 30 and 32A. Seller hereby irrevocably assigns to Brokers compensation specified in paragraphs 30 and 32A from Seller's proceeds, and irrevocably instructs Escrow Holder to disburse those funds to Brokers at Close Of Escrow. Compensation instructions can be amended or revoked only with the written consent of Brokers.

29. Buyer and Seller acknowledge and agree that : (a) Brokers do not decide what price Buyer should pay or Seller should accept; (b) Brokers do not guarantee the performance or Repairs of others who have provided services or products to Buyer or Seller; and (c) they will seek legal, tax, insurance, title and other desired assistance from appropriate professionals.

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Buyer and Seller acknowledge receipt of a copy of this page.

Buyer's Initials (FT) (DL)
Seller's Initials (____) (____)



Reviewed by _____
Broker or Designee _____ Date _____

REVISION DATE 10/2000 Print Date R NOV 00
RPA-11 (PAGE 7 OF 8)

BUYER'S COPY

Property Address: 1734 Da Ron Ct Atg Clm CA 91737 Date: 8/30/01
30. **BROKER COMPENSATION FROM BUYER:** Upon Close Of Escrow, Buyer agrees to pay compensation for services as follows: _____ Broker.
31. **TERMS AND CONDITIONS OF OFFER:** This is an offer to purchase the Property on the above terms and conditions. All paragraphs with spaces for initials by Buyer and Seller are incorporated in this Agreement only if initialed by all parties. If at least one but not all parties initial, a counter offer is required until agreement is reached. Unless Acceptance of offer is Signed by Seller, and a Copy of the Signed offer is personally received by Buyer, or by 9/8/01, who is authorized to receive it, by (date) 9/8/01 at 5:00AM/PM the offer shall be deemed revoked and the deposit shall be returned. Seller has the right to continue to offer the Property for sale and to accept any other offer at any time prior to communication of Acceptance as above. Buyer has read and acknowledges receipt of a Copy of the offer and agrees to the above confirmation of agency relationships. If this offer is accepted and Buyer subsequently defaults, Buyer may be responsible for payment of Brokers' compensation. This Agreement and any supplement, addendum or modification, including any Copy, may be Signed in two or more counterparts, all of which shall constitute one and the same writing.

BUYER Frank Fros Date 8/30/01 BUYER David Wright Date 8/30/01
(Print name) (Print name)

(Address)

32. **BROKER COMPENSATION FROM SELLER:**

A. Upon Close of Escrow, Seller agrees to pay compensation for services as follows: 3% to Arrow Realty & mortgage Services Broker, and
(if checked) ☐ an administrative/transaction fee of \$ _____ to _____ Broker, and
(or, if not completed, as per listing agreement) Broker

B. (1) If escrow does not close, compensation in 32A is payable: (i) upon Seller's default if completion of sale is prevented by default of Seller; or (ii) when and if Seller collects damages from Buyer, by suit or otherwise, if completion of sale is prevented by default of Buyer and then in an amount equal to one-half of the damages recovered, but not to exceed the above compensation, after first deducting title and escrow expenses and the expenses of collection, if any. (2) In any action, proceeding or arbitration relating to the payment of compensation in 32A or B, the prevailing party shall be entitled to reasonable attorney' fees and costs, except as provided in paragraph 17A.

33. **ACCEPTANCE OF OFFER:** Seller warrants that Seller is the owner of this Property, or has the authority to execute this Agreement. Seller accepts the above offer, agrees to sell the Property on the above terms and conditions, and agrees to the above confirmation of agency relationships. Seller has read and acknowledges receipt of a Copy of this Agreement, and authorizes Broker to deliver a Signed Copy to Buyer.

☐ (If checked) **SUBJECT TO ATTACHED COUNTER OFFER, DATED** _____

SELLER _____ Date _____ SELLER _____ Date _____

(Print name)

(Print name)

(Address)

Agency relationships are confirmed as above. Real Estate Brokers are not parties to the Agreement between Buyer and Seller.

Agent who submitted offer for Buyer acknowledges receipt of deposit, if any, if specified in paragraph 2A:

Real Estate Broker (Selling Firm Name) Arrow Realty & mortgage Services Nancy Nicholson Date 8/30/01

Address 8350 Archibald Ave Ste C Rancho Cucamonga CA 91730 Phone/Fax/E-mail (909) 466-7114

Real Estate Broker (Listing Firm Name) _____ By _____ Date _____

Address _____ Phone/Fax/E-mail _____

(____/____) **ACKNOWLEDGMENT OF RECEIPT:** Buyer or authorized agent acknowledges receipt of Signed Acceptance on (date) _____
(Initials) at _____ AM/PM.

Escrow Holder Acknowledgment:

Escrow Holder acknowledges receipt of a Copy of this Agreement, (if checked, ☐ a deposit in the amount of \$ _____),
counter offer numbers _____ and _____

_____, and agrees to act as Escrow Holder subject to paragraph 28 of this Agreement, any supplemental escrow instructions and the terms of Escrow Holder's general provisions.

The date of communication of Acceptance of the Agreement as between Buyer and Seller is _____

Escrow Holder _____ Escrow # _____

By _____ Date _____

Address _____ Phone/Fax/E-mail _____

Escrow Holder is licensed by the California Department of ☐ Corporations, ☐ Insurance, ☐ Real Estate. License # _____

THIS FORM HAS BEEN APPROVED BY THE CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.). NO REPRESENTATION IS MADE AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION IN ANY SPECIFIC TRANSACTION. A REAL ESTATE BROKER IS THE PERSON QUALIFIED TO ADVISE ON REAL ESTATE TRANSACTIONS. IF YOU DESIRE LEGAL OR TAX ADVICE, CONSULT AN APPROPRIATE PROFESSIONAL.

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525 South Virgil Avenue, Los Angeles, California 90020

Reviewed by _____
Broker or Designee _____ Date _____



REVISION DATE 10/2000 Print Date R NOV 00

RIVER'S COPY



Property Address: 7754 Balaton St. Alta Loma CA 91737 ("Property").

A. IMPORTANCE OF PROPERTY INSPECTION: The physical condition of the land and improvements being purchased is not guaranteed by either Seller or Brokers. For this reason, you should conduct thorough inspections of the Property personally and with professionals who should provide written reports of their inspections. A general physical inspection typically does not cover all aspects of the Property nor items affecting the Property that are not physically located on the Property. If the professionals recommend further investigation, tests or inspections, including a recommendation by a pest control operator to inspect inaccessible areas of the Property, you should contact qualified experts to conduct such additional investigations, tests or inspections.

B. BUYER RIGHTS AND DUTIES: You have an affirmative duty to exercise reasonable care to protect yourself, including discovery of the legal, practical and technical implications of disclosed facts, and the investigation and verification of information and facts that you know or are within your diligent attention and observation. The purchase agreement gives you the right to inspect the Property. If you exercise these rights, and you should, you must do so in accordance with the terms of the Agreement. This is the best way for you to protect yourself. It is extremely important for you to read all written reports provided by professionals and to discuss the results of inspections with the professional who conducted the inspection. You have the right to request that Seller make Repairs, corrections or take other action based upon items discovered in your inspections or disclosed by Seller. If Seller is unwilling or unable to satisfy your requests, and you do not want to purchase the Property in its disclosed and discovered condition, you have the right to cancel the Agreement. If you do not timely and properly cancel the Agreement and if you do not perform on the contract because of the condition of the Property, you may be in breach of contract.

C. SELLER RIGHTS AND DUTIES: Seller is required to disclose to you all material facts known to him/her that affect the value or desirability of the Property. However, Seller may not be aware of some Property defects or conditions. Seller does not have an obligation to inspect the Property for your benefit nor is Seller obligated to repair, correct or otherwise cure known defects that are disclosed to you or previously unknown defects that are discovered by you or your inspectors during escrow. The purchase agreement obligates Seller to make the Property available to you for inspections.

D. BROKER OBLIGATIONS: Brokers do not have expertise and therefore cannot advise you on many items, such as soil stability, geologic conditions, hazardous substances, structural conditions of the foundation or other improvements, or the condition of the roof, heating, air conditioning, plumbing, electrical, sewer, septic, waste disposal, or other system. The only way to accurately determine the condition of the Property is through an inspection by an appropriate professional selected by you. If Broker gives you referrals to such professionals, Broker does not guarantee their performance. You may select any professional of your choosing. In sales involving residential dwellings with no more than four units, Brokers have a duty to make a diligent visual inspection of the accessible areas of the Property, and to disclose the results of that inspection. However, as some Property defects or conditions may not be discoverable from a visual inspection, it is possible Brokers are not aware of them. If you have entered into a written agreement with a Broker, the specific terms of that agreement will determine the nature and extent of that Broker's duty to you. **YOU ARE STRONGLY ADVISED TO INVESTIGATE THE CONDITION AND SUITABILITY OF ALL ASPECTS OF THE PROPERTY. IF YOU DO NOT DO SO, YOU ARE ACTING AGAINST THE ADVICE OF BROKERS.**

E. YOU ARE ADVISED TO CONDUCT INSPECTIONS OF THE ENTIRE PROPERTY, INCLUDING, BUT NOT LIMITED TO THE FOLLOWING:

- 1. GENERAL CONDITION OF THE PROPERTY, ITS SYSTEMS AND COMPONENTS:** Foundation, roof, plumbing, heating, air conditioning, electrical, mechanical, security, pool/spa, and other structural and non-structural systems and components, fixtures, built-in appliances, any personal property included in the sale, and energy efficiency of the Property. (Structural engineers are best suited to determine possible design or construction defects, and whether improvements are structurally sound.)
- 2. SQUARE FOOTAGE, AGE, BOUNDARIES:** Square footage, room dimensions, lot size, age of improvements, and boundaries. Any numerical statements regarding these items are APPROXIMATIONS ONLY, and have not been and cannot be verified by Brokers. Fences, hedges, walls, retaining walls, and other natural or constructed barriers or markers do not necessarily identify true Property boundaries. (Professionals such as appraisers, architects, surveyors, or civil engineers are best suited to determine square footage, dimensions and boundaries of the Property.)
- 3. PEST CONTROL:** Presence of, or conditions likely to lead to the presence of wood destroying pests and organisms and other infestation or infection. (A registered structural pest control company is best suited to perform these inspections.)

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Buyer acknowledges receipt of a copy of this page.

Buyer's Initials (FF)(D.W.)

Reviewed by

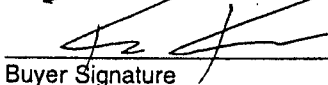
Broker or Designee _____ Date _____

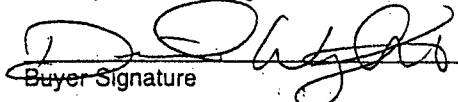


- Property Address: 151 1st St, Santa Ana, CA 92701 Date: 8/30/01
4. **SOIL STABILITY:** Existence of soft or compacted soil, expansive or contracting soil, susceptibility to slippage, settling or movement, and the adequacy of drainage. (Geotechnical engineers are best suited to determine such conditions, causes, and remedies.)
 5. **ROOF:** Present condition, age, leaks, and remaining useful life. (Roofing contractors are best suited to determine these conditions.)
 6. **POOL/SPA:** Cracks, leaks or operational problems. (Pool contractors are best suited to determine these conditions.)
 7. **WASTE DISPOSAL:** Type, size, adequacy, capacity and condition of sewer and septic systems and components, connection to sewer, and applicable fees.
 8. **WATER AND UTILITIES; WELL SYSTEMS AND COMPONENTS:** Water and utility availability, use restrictions, and costs. Water quality, adequacy, condition, and performance of well systems and components.
 9. **ENVIRONMENTAL HAZARDS:** Potential environmental hazards, including asbestos, lead-based paint and other lead contamination, radon, methane, other gases, fuel, oil or chemical storage tanks, contaminated soil or water, hazardous waste, waste disposal sites, electromagnetic fields, nuclear sources, and other substances, materials, products, or conditions. (Read the booklets "Environmental Hazards: A Guide for Homeowners and Buyers," "Protect Your Family From Lead in Your Home," or consult an appropriate professional.)
 10. **EARTHQUAKE AND FLOOD; HAZARD AND OTHER INSURANCE:** Susceptibility of the Property to earthquake/seismic hazards and propensity of the Property to flood. These and other conditions including age of Property may affect the availability and need for certain types of insurance. Since the time it may take to obtain certain types of insurance may vary, Buyer should not wait to explore these options. (An Insurance agent, Geologist, or Geotechnical Engineer is best suited to provide information on these conditions.)
 11. **BUILDING PERMITS, ZONING AND GOVERNMENTAL REQUIREMENTS:** Permits, inspections, certificates, zoning, other governmental limitations, restrictions, and requirements affecting the current or future use of the Property, its development or size. (Such information is available through appropriate governmental agencies and private information providers. Brokers are not qualified to review, or interpret any such information.)
 12. **RENTAL PROPERTY RESTRICTIONS:** Some cities and counties impose restrictions that may limit the rent, the maximum number of occupants, and the right to terminate a tenancy. Deadbolt or other locks and security systems for doors and windows, including window bars, should be examined to determine whether they satisfy legal requirements. (Local government agencies can provide information about these restrictions and other requirements.)
 13. **SECURITY AND SAFETY:** State and local Law may require the installation of barriers, access alarms, self-latching mechanisms and/or other measures to decrease the risk to children and other persons of existing swimming pools and hot tubs, as well as various fire safety and other measures concerning other features of the Property. Compliance requirements differ from city to city and county to county. Unless specifically agreed, the Property will not be in compliance with these requirements. (Local government agencies can provide information about these restrictions and other requirements.)
 14. **NEIGHBORHOOD, AREA, SUBDIVISION CONDITIONS; PERSONAL FACTORS:** Neighborhood or area conditions, including schools, proximity and adequacy of law enforcement, crime statistics, the proximity of registered felons or offenders, fire protection, other governmental services, availability, adequacy and cost of any speed wired, wireless internet connections or other telecommunications or other technology services and installations, proximity to commercial, industrial or agricultural activities, existing and proposed transportation, construction and development that may affect noise, view, or traffic, airport noise, noise or odor from any source, wild and domestic animals, other nuisances, hazards, or circumstances, protected species, wetland properties, historic or other governmentally protected sites or improvements, cemeteries, facilities and condition of common areas of common interest subdivisions, and possible lack of compliance with any governing documents or Homeowners' Association requirements, conditions and influences of significance to certain cultures and/or religions, and personal needs, requirements and preferences of Buyer.

Buyer acknowledges and agrees that Brokers: (a) do not guarantee the condition of the Property; (b) shall not be responsible for defects that are not known to Broker(s) or are not visually observable in reasonably and normally accessible areas of the Property; (c) have not verified square footage, representations made by others, or other information contained in inspection reports, Multiple Listing Service, advertisements, flyers, or other promotional material, unless otherwise agreed in writing; (d) do not guarantee the performance of others who have provided services or products to Buyer or Seller; (e) do not guarantee the adequacy or completeness of Repairs made by Seller or others; (f) cannot identify Property boundary lines; and (g) do not decide what price a buyer should pay or a seller should accept. Buyer agrees to seek desired assistance from appropriate professionals.


By signing below, Buyer acknowledges receipt of a Copy of this document. Buyer is encouraged to read it carefully.

 8/30/01
Buyer Signature Date

 8/30/01
Buyer Signature Date

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525 South Virgil Avenue, Los Angeles, California 90020

Reviewed by _____
Broker or Designee _____ Date _____



ADDENDUM

This addendum ("Addendum") to a counteroffer is made in response to the offer of Frank Frias and David Wright ("Buyers") in the Residential Purchase Agreement and Joint Escrow Instructions (And Receipt for Deposit) dated August 30, 2001 ("Offer") to Sandra L. Bendon ("Seller"), solely in her capacity as the chapter 7 trustee for the bankruptcy estate of Clara Loehner ("Estate"), to purchase real property located at 9754 Balaton Street, Alta Loma, California 91737 ("Property").

Section 1. Controlling Provisions.

1.01 The terms of this Addendum modify and supersede any conflicting or inconsistent terms in the Offer. The Offer, as modified by the counter offer and this Addendum, and the counteroffer and Addendum are collectively referred to as the "Agreement."

Section 2. Deposit and Contingencies.

2.01 The deposit shall be a cashier's check in the amount of \$1,000 made payable to "Sandra L. Bendon, Trustee" and delivered to the Seller no later than three days after the Buyers execute this Addendum. Buyers shall receive full credit for the deposit upon the close of escrow. If the Buyers breach this Agreement, Seller shall retain the Property and the deposit and have the right to assert all other remedies available under the law. If the Seller breaches this Agreement, at any time, Buyers' sole recourse against Seller and the Estate shall be to recover all funds tendered by the Buyers in connection with this Agreement including, but not limited to, the full amount of the deposit and all other payments made by the Buyers to the Seller, if any.

2.02 Unless, on or before ~~September 20, 2001~~ ^{October 18th} *FF DW*, the Buyers provide Seller with a written notice of disapproval or inability to meet the following contingencies, the Buyers shall be deemed, as of September 20, 2001, to have (a) accepted the condition of the Property and (b) have removed or waived (with the effect described in paragraph 14(D) of the Offer) all financing contingencies, all appraisal contingencies and all contingencies based on the condition of the Property.

2.03 On or before September ~~18~~ ^{30th} *E.F. Du*, 2001, the Buyers shall apply for any financing required to complete this transaction and, within three business days thereafter, provide proof to Seller of such loan application.

Section 3. Closing Date.

3.01 Escrow shall close within fifteen days of the date the Bankruptcy Court enters an order approving the Agreement.

Section 4. Brokers' Fees.

4.01 Seller shall not be liable for the fee of any broker unless and until (a) the sale to the Buyers is approved by the Bankruptcy Court, (b) the broker fee is approved by the Bankruptcy Court and (c) the Property is sold and escrow closes.

Section 5. Closing Costs.

5.01. Seller agrees that Seller's portion of the proceeds of sale shall be used to pay the Seller's portion of any checked items listed in paragraph four of the Offer, on the terms set forth in paragraph four of the Offer, except for paragraphs 4(A)(Section 1), 4(E) and 4(F). Buyers shall be responsible for all other costs including, but not limited to, any title insurance policy insuring Buyers' lender (if any) and the items set forth in paragraphs 4(A)(Section 1), 4(E) and 4(F). Buyers shall be responsible for any and all supplemental real estate tax bills.

5.02. Seller shall not pay out any funds in connection with this transaction. All fees or costs allocated to Seller shall be paid from the proceeds of sale. If any fee or cost must be paid prior to the close of escrow, Buyers or Buyers' lender shall pay such fee or cost and Seller agrees that Buyers or Buyers' lender shall be reimbursed from the proceeds of sale to the extent that Seller has otherwise agreed to pay the fee or cost. If the sale does not close for any reason, Seller shall not be responsible under any circumstances for any fees or costs advanced by the Buyers or Buyers' lender.

Section 6. Approval by The United States Bankruptcy Court.

6.01. The Agreement is contingent on (a) obtaining the approval of the Bankruptcy Court and (b) entry of an order, in form and substance acceptable to the Seller in the Seller's sole and absolute discretion, approving the Agreement. Seller shall have no obligation to obtain such approval until, among other things, all contingencies described in Section 2.02 are removed or waived. If the Bankruptcy Court declines to approve the Agreement, Seller shall not be required to complete the sale contemplated by the Agreement.

6.02. Each of the Buyers acknowledges that the approval by the Bankruptcy Court of the sale contemplated in this Agreement shall be subject to overbidding in accordance with bankruptcy law and other applicable statutes, regulations and rule of the Bankruptcy Court. Each of the Buyers acknowledges that overbidders may be present at the hearing on the motion to approve the sale of the Property and that the Seller has a duty to (a) attempt to obtain overbids and (b) to sell the Property to the highest bidder at the hearing.

6.03. Each of the Buyers shall have the right to be present at the hearing on the motion to approve the sale to the Buyers and to participate in any bidding that may occur. Each of the Buyers acknowledges and agrees, however, that the Bankruptcy Court will require Seller to sell the Property to the bidder who makes the highest bid at the hearing.

6.04 If the Buyers are the successful purchaser and the Buyers have not breached the Agreement, the deposit of the Buyers shall be fully credited toward the final purchase price. If

an overbidder is the successful purchaser, Seller shall return to the Buyers all funds tendered by the Buyers in connection with the sale contemplated by this Agreement including, but not limited to, the deposit; provided, that the Buyers have not breached any provision of this Agreement.

6.05. If any liens, claims of co-owners, tax consequences, claims of parties to executory contracts or other encumbrances against or interests in the Property, whether or not previously known to the Seller, make the sale of the Property infeasible, unprofitable or insufficiently profitable for the Estate, then Seller may, at her option, at any time on or before the close of escrow and in her sole discretion, refuse to complete the transactions contemplated by the Agreement. Likewise, if the debtor or any other party makes an offer involving or related in any fashion to the Property which would provide a greater benefit to the Estate or its creditors, then Seller may, at her option, at any time on or before the close of escrow and in her sole discretion, refuse to complete the transactions contemplated by the Agreement. In such event, Buyers' sole recourse against the Estate shall be to recover all funds tendered by the Buyers in connection with the sale contemplated by the Agreement including, but not limited to, any deposit.

**Section 7. Representations And Covenants Of Buyers Accepting The Property
"As Is Where Is, With All Faults."**

Each of the Buyers hereby represents, acknowledges and agrees for Buyers and Buyers' successors, heirs and assigns, that:

7.01. The interests of the Estate, if any, in the Property are being sold in "AS IS, WHERE IS, WITH ALL FAULTS" present condition, without representations or warranties of any kind or nature whatsoever whether express or implied.

7.02. Seller is a bankruptcy trustee and any interest acquired by the Estate in the Property was acquired for a short period of time due to the bankruptcy case. Neither the Estate nor the Seller has acquired any interest in the Property for the purpose of maintaining the Property, but rather for the sole purpose of liquidating the Property for the benefit of the creditors of the Estate.

7.03. Due to the unique nature of bankruptcy cases, Seller has not personally audited, investigated or inspected the Property and has not personally used the Property. Buyers and Seller further agree that it is not economical or reasonable for Seller to audit, investigate or inspect the Property under these circumstances because neither the Estate nor the Seller acquired an interest in the Property, if any, for the purpose of using the Property. Each of the Buyers wishes to acquire the Property and Buyers are in a much better position to properly audit, investigate and inspect the Property for Buyers' particular use. Each of the Buyers has greater assets and facilities than the Estate to make a diligent audit, investigation and inspection of the Property. Each of the Buyers further agrees that Seller is exempt from all disclosure requirements described in the Offer and any and all disclosure requirements under non-bankruptcy law. In particular, but without limitation, paragraphs 5, 6 and 7(B) of the Offer are hereby abrogated. Each of the Buyers acknowledges that Seller is acting under the Agreement in all respects as a bankruptcy trustee and not in Seller's personal capacity.

7.04. Each of the Buyers has been given an extensive opportunity to inspect and

investigate the Property, independently and through agents of Buyers' choosing. Buyers shall continue to have the right to inspect the Property (but Seller shall have no obligation to maintain utilities, if any, at the Property for that purpose or any other purpose). Each of the Buyers acknowledges that in purchasing the Property, Buyers are not relying on Seller, or the agents of the Seller, as to the characteristics or condition of the Property. Each of the Buyers acknowledges that Buyers are not relying on Seller, or the agents of the Seller, regarding whether the Property is in compliance with any city, county, state and/or federal statutes, codes, regulations or ordinances. Any reports, repairs or work required by Buyers shall be the sole responsibility of Buyers. Each of the Buyers assumes all responsibility to check with the appropriate governmental agencies for the intended use of the Property and each of the Buyers holds harmless Seller, the Estate, the United States Bankruptcy Court and Seller's agents as to suitability of the Property for Buyers' intended use.

7.05. Although there could be defects in and on the Property including, but not limited to, title defects and defects in physical attributes of the Property, each of the Buyers relieves Seller and Seller's agents of any and all obligations to inspect the Property or investigate any other matter involving the Property including, but not limited to, the history of the Property, its potential value to Buyers or the public and any aspects of title to the Property.

7.06. Each of the Buyers represents and warrants that the Buyers are relying solely upon inspection(s) of the Property by the Buyers and not upon any representation made by any person whomsoever, and that each of the Buyers is purchasing the Property in the condition in which it now is, without any obligation on the part of Seller to make any changes, alterations or repairs to the Property or to maintain or clean the Property or to remove any debris from the Property. Any and all provisions in the Offer that purport to require the Seller to maintain, clean, change, alter or repair the Property, including but not limited to paragraphs 4(E), 4(F), 7(C), 7(E) and 10 of the Offer, are hereby abrogated. In short, the sale is completely "AS IS, WHERE IS, WITH ALL FAULTS." The consummation of this transaction shall constitute an acknowledgement by each of the Buyers that the Property has been accepted without representation or warranty of any kind or nature and in its present "AS IS, WHERE IS, WITH ALL FAULTS" condition.

Section 8. Title To The Property.

8.01 Seller makes no representations or warranties whatsoever regarding the state of title to the Property. In particular, but without limitation, Seller makes no representations or warranties regarding (a) the existence, nature, scope, amount or status of the interests of the Estate, if any, in the Property or (b) the existence, nature, scope, amount or status of any liens, claims of co-owners or other interests or encumbrances against the Property. The Seller strongly advises each of the Buyers to obtain title insurance or other insurance to determine the status of all liens, encumbrances, ownership interests or other interests related to the Property. Each of the Buyers acknowledges and agrees that nothing in the Agreement, including, but not limited to, the recitals in this Addendum, shall constitute any type of representation or warranty by the Seller that (x) the Estate has any interest in the Property or (y) any lien, encumbrance, claim of a co-owner or other interest in the Property does or does not exist. Each of the Buyers further acknowledges and agrees that each of the Buyers is not relying on any representation or

statement by the Seller or any agent of the Seller in entering into this Agreement.

8.02 Title to the Property shall be transferred to Buyers by a bankruptcy trustee's deed without warranties, representations or recourse of any kind.

Section 9. Possession of the Property.

9.01. The Buyers are currently in possession of the Property and, therefore, Seller shall have no obligation to provide Buyers with any keys or garage door openers (if any) for the Property.

Section 10. Capacity of Seller.

10.01 Each of the Buyers acknowledges and agrees that Seller is acting in all respects in connection with the Agreement solely as a bankruptcy trustee, the representative of the Estate, and not in Seller's personal or individual capacity. Each of the Buyers acknowledges and agrees that Seller does not have and shall not have any personal liability of any kind under any provision of the Agreement. With respect to any and all disputes arising from or in any manner connected with the Agreement, each of the Buyers hereby waives any and all rights to (a) sue the Seller in her personal capacity, (b) to recover a judgment against the Seller personally or (c) to obtain any other form of relief against the Seller in her personal capacity. In the event of any breach of the Agreement by the Seller or the occurrence of any other dispute arising from or in any manner related to the Agreement, each of the Buyers acknowledges and agrees that the Seller shall have no personal liability of any kind and that any claims arising from or in any manner related to such breach or dispute shall be asserted against the Estate only and not the Seller.

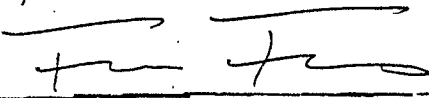
Section 11. Dispute Resolution.

11.01. Seller and Buyers hereby consent to the sole jurisdiction of the United States Bankruptcy Court for the Central District of California, Riverside Division ("Bankruptcy Court"), to resolve any dispute, claim or controversy between the parties arising out of or relating to the Property, the Agreement or any matter that is the subject of the Agreement. The Bankruptcy Court shall retain exclusive jurisdiction to resolve any dispute, claim or controversy between the parties arising out of or relating to the Property, the Agreement or any matter that is the subject of the Agreement. Any provision in the Offer purporting to require arbitration is hereby abrogated.

IN WITNESS WHEREOF, the parties hereto have caused this Addendum to be signed on the dates indicated below.

FRANK FRIAS

(Buyer)



DATE: 9/12/01

DAVID WRIGHT

(Buyer)



DATE: 9/12/01

SANDRA L. BENDON, Trustee For The Bankruptcy Estate Of Clara Loehner
(Seller)

DATE: _____

FROM :

NOV-01-01 THU 08:12 AM

PHONE NO. : 9494740549

FAX NO.

Nov. 01 2001 10:17AM P2

P. 13

FROM :

PHONE NO. : 9494740549

Oct. 30 2001 12:03PM P2

FROM :

03/08/01

11:06

714 474-0549

PHONE NO. :

714 474-0549

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Nov. 01 2001 04:11PM P2

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IN WITNESS WHEREOF, the parties hereto have caused this Addendum to be signed on the dates indicated below.

FRANK PRIAS

(Buyer)

DATE: 9/12/01

DAVID WRIGHT

(Seller)

DATE: 9/12/01

SANDRA L. BENDON, Trustee For The Bankruptcy Estate Of Clara Lockner

(Seller)

DATE: 10/31/01

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ADAMANT TECHNOLOGIES, INC.



CALIFORNIA
ASSOCIATION
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DISCLOSURE REGARDING REAL ESTATE AGENCY RELATIONSHIPS

(As required by the Civil Code)

When you enter into a discussion with a real estate agent regarding a real estate transaction, you should from the outset understand what type of agency relationship or representation you wish to have with the agent in the transaction.

SELLER'S AGENT

A Seller's agent under a listing agreement with the Seller acts as the agent for the Seller only. A Seller's agent or a subagent of that agent has the following affirmative obligations:

To the Seller:

A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Seller.

To the Buyer and the Seller:

(a) Diligent exercise of reasonable skill and care in performance of the agent's duties.

(b) A duty of honest and fair dealing and good faith.

(c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the parties.

An agent is not obligated to reveal to either party any confidential information obtained from the other party that does not involve the affirmative duties set forth above.

BUYER'S AGENT

A selling agent can, with a Buyer's consent, agree to act as agent for the Buyer only. In these situations, the agent is not the Seller's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Seller. An agent acting only for a Buyer has the following affirmative obligations:

To the Buyer:

A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Buyer.

To the Buyer and the Seller:

(a) Diligent exercise of reasonable skill and care in performance of the agent's duties.

(b) A duty of honest and fair dealing and good faith.

(c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the parties.

An agent is not obligated to reveal to either party any confidential information obtained from the other party that does not involve the affirmative duties set forth above.

AGENT REPRESENTING BOTH SELLER & BUYER

A real estate agent, either acting directly or through one or more associate licensees, can legally be the agent of both the Seller and the Buyer in a transaction, but only with the knowledge and consent of both the Seller and the Buyer.

In a dual agency situation, the agent has the following affirmative obligations to both the Seller and the Buyer:

(a) A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either Seller or the Buyer.

(b) Other duties to the Seller and the Buyer as stated above in their respective sections.

In representing both Seller and Buyer, the agent may not, without the express permission of the respective party, disclose to the other party that the Seller will accept a price less than the listing price or that the Buyer will pay a price greater than the price offered.

The above duties of the agent in a real estate transaction do not relieve a Seller or Buyer from the responsibility to protect his or her own interests. You should carefully read all agreements to assure that they adequately express your understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional.

Throughout your real property transaction you may receive more than one disclosure form, depending upon the number of agents assisting in the transaction. The law requires each agent with whom you have more than a casual relationship to present you with this disclosure form. You should read its contents each time it is presented to you, considering the relationship between you and the real estate agent in your specific transaction.

This disclosure form includes the provisions of Sections 2079.13 to 2079.24, inclusive, of the Civil Code set forth on the reverse hereof. Read it carefully.

I/WE ACKNOWLEDGE RECEIPT OF A COPY OF THIS DISCLOSURE.

BUYER/SELLER

Date

7-11-01

Time

AM/PM

BUYER/SELLER

Date

7-11-01

Time

AM/PM

AGENT

ARROW Realty & Mortgage Service, Inc.

Jenny Nichols

Date

7-11-01

(Please Print)

(Associate-Licensee or Broker Signature)

SEE REVERSE SIDE FOR FURTHER INFORMATION

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